



March 21, 2012

Rick Moses and Grace Pleasants  
Elks on Broadway Holdings, LLC  
6320 Canoga Avenue  
Suite 1500  
Woodland Hills, CA 91367

Michael McMenamin and Larry Dortmund  
Elks Temple Properties LLC  
430 N. Killingsworth  
Portland, OR 97217

**RE: CITY OF TACOMA'S NOTICE OF TERMINATION FOR DEFAULT AND FAILURE TO CURE**

Dear Mr. Moses, Ms. Pleasants, Mr. McMenamin and Mr. Dortmund:

As you are aware, both Elks on Broadway Holdings, LLC ("EOBH") and Elks Temple Properties LLC ("ETP") have been in default of certain key obligations under the tri-party Development Agreement dated September 23, 2009 ("DA") since August 2, 2011. Most important among the defaulted obligations is the requirement that all parties to the DA were to submit evidence of having procured necessary Project financing to each other 60 days prior to the scheduled start of construction of the EOBH and ETP improvements. The default of this provision occurred after the original submission deadline of June 1, 2011 was extended to August 1, 2011.

The City delivered formal notice of default to both EOBH and ETP by letter dated September 26, 2011 after neither party had cured its default by that time. Although the City recognizes your diligence in attempting to cure the defaulted obligations since that time, the DA is still in default.

As a result, the City is hereby notifying both EOBH and ETP that it is terminating the DA as of the date of this letter. The City appreciates your efforts in trying to make this tri-party Project work even in challenging economic times and wishes you all the best in your present and future endeavors.

Sincerely,



T.C. Broadnax  
City Manager

Enc: Copy of fully executed Termination of Development Agreement.